



STATE OF NEW MEXICO  
**Taxation and Revenue Department**  
An Equal Opportunity Employer

**DIVISIONS**

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(505) 827-0341  
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(505) 827-0369  
**Audit and Compliance**  
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**Motor Vehicle**  
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**Property Tax**  
(505) 827-0870  
**Revenue Processing**  
(505) 827-0800  
**Tax Fraud Investigations**  
(505) 841-6544

**Bill Richardson**  
*Governor*  
**Jan Goodwin**  
*Secretary*

**FOR IMMEDIATE RELEASE**  
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**Carlsbad Man Sentenced to Fifteen Years Imprisonment for Tax Evasion – Wife Sentenced to Probation**

CARLSBAD – On Friday, State District Court Judge Gary Clingman, of the Fifth Judicial District in Carlsbad, sentenced Carlsbad resident Garlon Patrick Ellis to fifteen years in prison and a \$10,000 fine for attempting to evade his New Mexico Personal Income Taxes. Judge Clingman suspended ten years of the fifteen-year prison sentence. Mr. Ellis will serve the five-year prison sentence followed by five years of probation. Judge Clingman also set an appeal bond of \$1,000,000.

Ellis's attorney, as well as Ellis's wife, Sherry, argued that due to the physical health problems experienced by Mr. Ellis while awaiting final sentencing, that sending him to prison would place an undue financial burden on the State of New Mexico. Deputy District Attorney D'Ann Read countered that Mr. Ellis had already been a burden on the system since 2001 by not paying his State personal income taxes. Judge Clingman said that there were plenty of physicians available with the New Mexico Department of Corrections to treat any health issues that Mr. Ellis may experience.

In May, an Eddy County jury convicted Ellis on three counts of willfully attempting to evade his State of New Mexico Personal Income Taxes for 2002, 2003 and 2004. Ellis and his wife were charged in April 2006 with attempted tax evasion. After her husband's conviction in May, Sherry Ellis agreed to plead guilty to the tax evasion charges. She was placed on 36 months of supervised probation.

Evidence was introduced at Mr. Ellis's trial in May that indicated that the Ellises had combined wages of over \$308,000 for the years at issue. During those years, Mr. Ellis was employed with the IMC Kalium Carlsbad Potash Company (IMC). Sherry Ellis was also employed by IMC for most of the three-year period. The Ellises had not filed New Mexico Personal Income Tax Returns since 2001. After being notified of the investigation, Mrs. Ellis filed Personal Income Tax Returns. Mr. Ellis admitted on Friday that he had still not filed his Personal Income Tax Returns. Mr. Ellis also stated that if he were released he would still not file returns.

**“This case shows clearly that the system is working. For the vast majority of New Mexicans who pay their taxes year-in and year-out, this case indicates that there are serious consequences for the few people who insist**

on not paying their fair share,” stated New Mexico Taxation and Revenue Department Cabinet Secretary Jan Goodwin. The case was a result of an investigation by the New Mexico Taxation and Revenue Department’s Tax Fraud Investigations Division and was prosecuted by the Fifth Judicial District Attorney’s office in Carlsbad.

To report suspected tax fraud against the State of New Mexico, call the Tax Fraud Hotline at 1-866-457-6789.

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